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Message Text

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71
ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

SCEM-02 DRC-01 /201 W
---------- 015639
R 161828Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8766
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: ENRG, GW
SUBJECT: CHANCELLORY OFFICIAL'S VIEWS ON ENERGY

1. IN AN INFORMAL LUNCHEON GATHERING TODAY CHANCELLORY ASSISTANT SECRETARY LAHNSTEIN GAVE SOME INTERESTING INDICATIONS OF EVOLVING FRG THINKING ON THE ENERGY PROBLEM.

2.LAHNSTEIN SAID HE BELIEVED ARAB OIL PRODUCTION WOULD NOT RETURN TO THE SEPTEMBER 1973 LEVEL FOR A LONG TIME, REGARDLESS OF POLITICAL DEVELOPMENTS IN THE MIDDLE EAST. THE REASONING BEHIND THE CUTBACKS WAS AS MUCH ECONOMIC AS POLITICAL AND WOULD TO SOME EXTENT SURVIVE A POLITICAL SETTLEMENT. THE FRG'S
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PROBLEM, THEREFORE, WAS A LONG-TERM ONE INVOLVING

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ADJUSTMENT TO AN INDEFINITE CUT OF ABOUT 20 PERCENT IN OIL DELIVERIES. THE PRINCIPAL ADJUSTMENT WOULD INEVITABLY HAVE TO BE CONSUMPTION REDUCTION, AT LEAST FOR SOME TIME TO COME. A CONSUMPTION CUTBACK REQUIRED A COORDINATED EFFORT TO SET PRIORITIES AND TO ADMINISTER THEM; THE ONLY QUESTION IS THE EXTENT TO WHICH THIS TASK IS CARRIED OUT BY THE GOVERNMENT AND BY INDUSTRY ASSOCIATIONS OR OTHER PRIVATE BODIES.

3. LAHNSTEIN SAID THE ARABS HAVE THROWN EUROPE A STIFF CHALLENGE TO WHICH EUROPE HAS TO RISE. FOR NOW, HOWEVER, HE WAS NOT OPTIMISTIC ABOUT THE POLITICAL EFFECT OF FORCED REDUCTION IN PETROLEUM CONSUMPTION. HE SUGGESTED THAT MANY PEOPLE'S ROMANTIC HEROISM ON GOING BACK TO BICYCLES AND NATURE WOULD NOT SURVIVE TWO OR THREE SUNDAY DRIVING BANS. UGLY AND BITTER REACTION WOULD FOLLOW, BUT HE WAS NOT SURE AT WHOM IT WOULD BE DIRECTED. RACIAL INCIDENTS IN SOUTHERN FRANCE, HOWEVER, LEFT HIM VERY UNEASY ABOUT SOME OF THE PROSPECTS.

4. LAHNSTEIN EXPRESSED CONCERN ABOUT THE IMPACT OF OIL CUTBACKS ON THE ECONOMY, BUT DECLINED TO MAKE PREDICTIONS EXCEPT TO NOTE THAT PETROLEUM PRICE INCREASES COULD ADD ABOUT 2 PERCENTAGE POINTS TO THE GENERAL PRICE LEVEL. HE ALSO COMMENTED THAT THE CURRENT CRISIS HAD BROUGHT OUT SOME SERIOUS STRUCTURAL FAILINGS IN THE FRG ENERGY ECONOMY. IN PARTICULAR, THE LACK OF A NORTH-SOUTH PIPELINE CONNECTION MADE INTERRUPTIONS OF SUPPLY TO ROTTERDAM WORSE THAN THEY NEEDED TO BE. HE ALSO CRITICIZED THE FAILURE TO EXPLOIT OPPORTUNITIES TO USE MORE IMPORTED COAL. HE EXPRESSED OPTIMISM ON THE PROSPECTS FOR DEVELOPING PROCESSES TO GASIFY COAL FOR POWER GENERATION AND OTHER CURRENT GAS USES.
HILLENBRAND

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Message Attributes

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Disposition Action: RELEASED
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Disposition Authority: garlanwa
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Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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